

market orders at the prevailing Amex quote with no odd-lot differential.³ Under the pilot procedures that were initially approved by the Commission in 1989,⁴ market orders with no qualifying notations are executed at the Amex quotation at the time the order is represented in the market either by being received at the trading post or through the Exchange's Post Execution Reporting system ("PER").⁵ Enhancements to the PER system have been implemented to provide for the automatic execution of odd-lot market orders entered through PER. For the purposes of the pilot program, limit orders that are immediately executable based on the Amex quote at the time the order is received at the trading post or through PER are executed in the same manner as market orders.

In approving extensions to the Exchange's odd-lot pilot program, the Commission has expressed interest in the feasibility of the Exchange utilizing the ITS best bid or offer, rather than the Amex bid or offer, for the purposes of the Exchange's odd-lot pricing system.⁶ In its most recent request for an extension of the pilot program, the Exchange stated that it decided to proceed with systems modifications, which it anticipates will be completed within a twelve month period, to provide for the execution of odd-lot market orders at the ITS best bid or offer.⁷

The Exchange proposes to amend Rule 205 to accommodate the prospective modifications to the Exchange's odd-lot pricing system. Specifically, amended Rule 205 would provide that odd-lot market orders to buy or sell would be filled at the "adjusted ITS offer" or "adjusted ITS bid," respectively, which are defined in proposed Rule 205, Commentary .04, as the lowest offer and highest bid disseminated by the Amex or by another

ITS participant market. Where quotation information is not available (e.g., when quotation collection or dissemination facilities are inoperable) odd-lot market orders would be executed at the prevailing Amex bid or offer or at a price deemed appropriate under prevailing market conditions. These procedures also will apply to odd-lot executable limit orders.

In determining the adjusted ITS bid and offer, the bid and offer in another ITS market center will be considered only if: (1) The stock is included in ITS in that market center, (2) the size of the quotation is greater than 100 shares, (3) the bid or offer is no more than one-quarter dollar away from the bid or offer, respectively, disseminated by the Exchange, (4) the quotation conforms to the requirements of Rule 127 ("Minimum Fractional Changes"), (5) the quotation does not result in a locked market, as the term is defined in Rule 236, (6) the market center is not experiencing operational or system problems with respect to the dissemination of quotation information, and (7) the bid or offer is "firm," that is, members of the market center disseminating the bid or offer are not relieved of their obligations with respect to such bid or offer under paragraph (c)(2) of Rule 11Ac1-1 pursuant to the "unusual market" exception of paragraph (b)(3) of Rule 11Ac1-1.

The Exchange will implement the proposed rule changes upon completion of necessary systems enhancements by the Exchange and the Securities Information Automation Corporation. The Exchange will notify the Commission, as well as Exchange members and member organizations, upon implementation of the amended rules.

2. Statutory Basis

The proposed rule change is consistent with section 6(b)⁸ of the Act in general and furthers the objectives of section 6(b)(5)⁹ in particular in that it facilitates the economically efficient execution of odd-lot transactions and is intended to result in improved execution of customer orders.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange believes the proposed rule change will impose no burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the publication of this notice in the **Federal Register** or within such other period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve the proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the American Stock Exchange. All submissions should refer to File No. SR-Amex-95-24 and should be submitted by August 9, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-17729 Filed 7-18-95; 8:45 am]

BILLING CODE 8010-01-M

³ Securities Exchange Act Release No. 35344 (Feb. 8, 1995), 60 FR 8430.

⁴ Prior to the 1989 pilot program, odd-lot market orders were routed to a specialist and held in accumulation in the system or by the specialist until a round-lot execution in that security took place on the Exchange. Subsequent to the round-lot execution, the odd-lot order received the same price as the electing round-lot transaction, plus or minus an odd-lot dealer differential.

⁵ Securities Exchange Act Release No. 26445 (Jan. 10, 1989), 54 FR 2248. The PER system provides member firms with the means to electronically transmit equity orders, up to volume limits specified by the Exchange, directly to the specialist's post on the trading floor of the Exchange. Securities Exchange Act Release No. 34869 (Oct. 20, 1994), 59 FR 54016.

⁶ See Securities Exchange Act Release No. 35344 (Feb. 8, 1995), 60 FR 8430 (raising concern over the fact that customers may not always receive the best available price under the current pilot program).

⁷ *Id.*

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 17 CFR 200.30-3(a)(12).

[Release No. 34-35960; File No. SR-BSE-95-11]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Boston Stock Exchange, Inc. Pertaining to Its Transaction Fee and Specialist Trade Processing Fee Schedules

July 12, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on June 1, 1995, the Boston Stock Exchange, Inc. ("BSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change, and amended such proposed rule change on July 7, 1995,¹ as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to

solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend its fee schedules pertaining to transaction fees and specialist trade processing fees. The text of the proposed rule change is as follows [new text is italicized; deleted text is bracketed]:

TRANSACTION FEES

* * * * *

(2) Trade Recording and Comparison Charges

• BSE <i>single-sided</i> executions up to and including [2]5,000 shares	No charge.
• BSE <i>cross trade</i> executions up to and including 2,000 shares	No charge.
• All other executions	
First 2,500 trades per month	\$.29 per 100 shares.
Next 2,500 trades per month .....	.25 per 100 shares.
Next 2,500 trades per month .....	.15 per 100 shares.
Over 7,500 trades per month .....	.05 per 100 shares.
Maximum charge per side ([non-cross] <i>single-sided</i>)	50.00.
Maximum charge per side (cross)	100.00.

(All trades accumulate for volume discounts)

* * * * *

(3) Value Charges

• BSE <i>single-sided</i> executions up to and including [2]5,000 shares	\$.20 per 100 shares.
• BSE <i>cross trade</i> executions up to and including 2,000 shares .....	.20 per 100 shares.
• All other executions (including ITS trades)	
First \$10 million per month .....	.16 per \$1,000 contract value.
Next \$40 million per month .....	.13 per \$1,000 contract value.
Next \$50 million per month .....	.10 per \$1,000 contract value.
Next \$100 million per month .....	.08 per \$1,000 contract value.
Next \$300 million per month .....	.05 per \$1,000 contract value.
\$500.1+ million per month .....	.01 per \$1,000 contract value.
Maximum charge per side ([non-cross] <i>single-sided</i>)	100.00.
Maximum charge per side (cross)	75.00.

(Contract value on these trades accumulate for volume discounts)

* * * * *

FLOOR OPERATION FEES

* * * * *

(3) Specialist Trade Processing

Pre-Opening Trades	No Charge.
Trades in CTA Securities ranked 1,001 and above	No Charge.
Market Orders	
• Self-directed	No Charge.
• All other orders from 100-2,500 shares inclusive in top 1,000 CTA ranked stocks .....	.50 per trade.
Round[-] lot/Odd[-] lot Trades .....	.75 per order [trade].
Trading Accounts Trades	1.50 per order [5.00 per trade].
CSI Trades (pilot)	
• Maximum Total Round lot/Odd lot Charges	
Competing Specialist	250.00 per issue.
Primary Specialist	250.00 per issue (if Competing Specialist reaches maximum).
• Credit	
Primary Specialist .....	.50 per trade (based on Competing Specialist trade volume).

(Total of the assessed fees for round lot/odd lot trades and trade credits will not be less than zero on a per issue basis)

¹ The amendment made a number of clarifying changes to the original filing. See letter from Karen A. Aluise, Assistant Vice President, Boston Stock

Exchange, to Glen Barrentine, Senior Counsel, Division of Market Regulation, SEC (July 7, 1995).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to amend several of the Exchange's fee schedules in order to capitalize on the competitive niches it currently enjoys and to improve the Exchange's competitive position in the overall marketplace. (1) The existing Value Charge and Trade Recording rates on single-sided BSE executions from 2,001 to 5,000 shares will be replaced with a \$.20 per 100 shares Value Charge rate. No Trade Recording fees will be charged on these trades. These new rates are consistent with the fee structure currently in place for BSE executions up to 2,000 shares. These changes will reduce members' costs of executing mid-sized trades on the BSE. (2) Specialist Trading Account fees will be reduced from \$5.00 per trade to \$1.50 per order. (3) Specialist Trade Processing (round lot/odd lot/trading account) fees will be levied on a per order rather than a per trade basis. (4) Maximum total Specialist Trade Processing fees for round lot/odd lot trades will be capped at \$250.00 per month per issue for both the competing and primary specialists in Competing Specialist Initiative ("CSI") issues. If, however, the competing specialist does not generate \$250.00 per month in round lot/odd lot fees in his or her competing issue, the primary specialist will not be eligible for the cap and, therefore, will be charged regular total trade processing (round lot/odd lot) fees. In addition, each primary specialist will receive a \$.50 per trade credit based on the total trading volume of the competing specialist. The total of the assessed fees for round lot/odd lot trades and trade credits in competitive issues will not be less than zero on a per issue basis. Due to the temporary nature of the CSI pilot program, the Exchange

proposes that this fee apply concurrently with the CSI pilot program, which is scheduled to expire on October 2, 1995.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(4) of the Securities Exchange Act of 1934 because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange believes the fee change will impose no burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Comments were neither solicited nor received with respect to the fee change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change establishes or changes a due, fee, or other charge imposed by the Exchange and, therefore, has become effective pursuant to Section 19(b)(3)(A) of the Act and subparagraph (e) of Rule 19b-4 thereunder. At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.²

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be

² For the purposes of the foregoing, the Commission considers this proposed rule change to have been filed on July 7, 1995, the date that Amendment No. 1 was made.

available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Boston Stock Exchange. All submissions should refer to File No. SR-BSE-95-11 and should be submitted by August 9, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 95-17667 Filed 7-18-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35962; File No. SR-CHX-95-11]

Self-Regulatory Organizations; Chicago Stock Exchange, Incorporated; Order Granting Approval to Proposed Rule Change Relating to the Automatic Execution of Limit Orders

July 12, 1995.

I. Introduction

On March 31, 1995, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to establish a one-year pilot program³ for the automatic execution of non-marketable limit orders.⁴ The proposed rule change was published for comment in Securities Exchange Act Release No. 35722 (May 16, 1995), 60 FR 27358 (May 23, 1995). No comments were received on the proposal.

II. Proposal

The Exchange proposes to re-implement for a one-year pilot period a system enhancement that would facilitate the automatic execution of non-marketable limit orders in a specialist book. In 1993, the Commission first approved this system enhancement as a one-year pilot

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1994).

³ See letter from Craig Long, Foley & Lardner, to Glen Barrentine, Senior Counsel, Division of Market Regulation, SEC, dated May 4, 1995 (requesting that the rule filing be approved on a one-year pilot basis).

⁴ A limit order is an order to buy or sell a stated amount of a security at a specified price or at a better price.